

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 DODE-00 PM-04 L-03 CIAE-00 INR-07
NSAE-00 ACDA-07 OMB-01 TRSE-00 IGA-02 AID-05 SSO-00
INRE-00 MC-02 /057 R

DRAFTED BY NEA/EGY:GRBEYER:SEB
APPROVED BY NEA/EGY:DONEWBERRY
DOD/ISA:CAPT. WILSON
DOD/DSAA:JHOENIG
PM:DKEENE
NEA/ARP:JLYLE

-----072315Z 109071 /64

O 072255Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO IMMEDIATE
AMEMBASSY ABU DHABI IMMEDIATE

C O N F I D E N T I A L STATE 004071

E.O. 11652: GDS

TAGS: MASS EG US

SUBJECT: PAYMENT FOR SIX C-130 AIRCRAFT FOR EGYPT

REF: A)ABU DHABI 0063; B) STATE 2004

1. FOLLOWING RECEIVED FROM USAF/DSAA CONCERNING PAYMENT FOR EGYPTIAN SIX C-130 AIRCRAFT:
2. QUOTE:
REFERENCED MEMORANDUM REQUESTED THE AMOUNT DUE, THE SCHEDULE OF PAYMENTS, AND THE METHOD OF PAYMENT TO BE EMPLOYED IN THE SALE OF THE C-130 AIRCRAFT TO EGYPT. THE FOLLOWING INFORMATION, PROVIDED IN RESPONSE TO YOUR MEMORANDUM, IS CONSIDERED CONFIDENTIAL INFORMATION BETWEEN THE UNITED STATES GOVERNMENT AND THE GOVERNMENT OF EGYPT (GOE)
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AND SHOULD NOT BE RELEASED DIRECTLY TO THIRD COUNTRIES WITHOUT PERMISSION OF THE GOE:
A) AMOUNT DUE ON SALE: \$31.0 MILLION
B) SCHEDULE OF PAYMENTS:
--WITH ACCEPTANCE \$26.1 MILLION (PAID)
--OCTOBER 1976 11.9 MILLION (PAID)
--FEBRUARY 1977 25.4 MILLION

--APRIL 1977 5.6 MILLION

TOTAL ----- 69.0 MILLION

C) METHOD OF PAYMENT: PAYEE WILL SEND A CERTIFIED CHECK, PAYABLE IN U.S. DOLLARS AND MARKED FOR PROJECT PEACE PYRAMID, TO THE FOLLOWING ADDRESS: THE AIR FORCE ACCOUNTING AND FINANCE CENTER, STATION 3800, DENVER, COLORADO 80279.

3. IT SHOULD BE CLEARLY POINTED OUT TO CONCERNED PARTIES THAT THE ABOVE FIGURES ARE ESTIMATES OF THE PROJECTED COSTS INVOLVED IN THIS SALE AND THE QUOTED PAYMENT SCHEDULE IS SUBJECT TO ADJUSTMENT ON THE BASIS OF THE FINAL BILLING AT THE CONCLUSION OF THIS SALE. UNQUOTE.

4. BRIGADIER SHAFEEI IS CORRECT THAT PAYMENTS REQUIREMENTS SECTION OF LOA DOES INCLUDE TEN PERCENT RESERVE FOR POSSIBLE ESCALATION OF COSTS I.E. POSSIBLE NEED FOR AS MUCH AS ADDITIONAL \$7.0 MILLION (1976 CAIRO 17141). TOTAL GOE MAY NEED TO PURCHASE C-130S, THEREFORE, IS ADDITIONAL \$38 MILLION.

5. WE DO NOT RPT NOT WANT TO GET IN MIDDLE BETWEEN GOE AND UAEG OVER FINANCING PAYMENTS FOR GOE'S PURCHASE OF THESE SIX C-130 AIRCRAFT. WHENEVER USG HAS ALLOWED THIS TO HAPPEN, IT HAS CREATED MORE PROBLEMS THAN IT HAS SOLVED. NEVERTHELESS APPRECIATE DESIRE OF AMBASSADOR DICKMAN IN ABU DHABI TO BE AS RESPONSIVE TO UAE FOREIGN MINISTER SUWAIDI AS POSSIBLE. THEREFORE UPON ADVICE THAT EMBASSY CONFIDENTIAL

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CAIRO HAS OBTAINED GOE CONCURRENCE, DICKMAN MAY ADVISE SUWAIDI INFORMATION PARA 2B AND C AND PARA 3 ABOVE, NOTING THAT SALES CONTRACT CALLS FOR POSSIBLE COST OVERRUN OF 10 OR ABOUT \$7 MILLION. TOTAL GOE MAY BE REQUIRED TO SPEND, THEREFORE, IS AT LEAST ADDITIONAL \$38 MILLION. FYI. NOT ONLY ARE COST OVERRUNS ON PARTICULAR COMPONENTS OF C-130S DIFFICULT TO ESTIMATE, BUT ALSO OTHER ASPECTS OF CONTRACT, FOR EXAMPLE TRAINING AND TRAVEL COSTS ASSOCIATED WITH SALE. WE DO NOT RPT NOT WANT EMBASSY ABU DHABI TO GET INVOLVED IN SUCH DETAILS. END FYI. SUWAIDI SHOULD BE REFERRED TO GOE OFFICIALS CONCERNED FOR FURTHER DETAILS ON SALE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBT REPAYMENTS, TRANSPORT AIRCRAFT
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE004071
Document Source: CORE
Document Unique ID: 00
Drafter: GRBEYER:SEB
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770007-1003
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770170/aaaacjdb.tel
Line Count: 110
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Litigation History:
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Original Previous Classification: n/a
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SAS ID: 3641567
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Status: NATIVE
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TAGS: MASS, EG, US
To: CAIRO ABU DHABI
Type: TE
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